

Old Age, Disability, Death

First law: 1951 (provident fund).

Current law: 1969 (disability insurance); 1991 (provident fund) amended 1995.

Type of program: Dual provident fund (lump-sum benefits and periodic payments) and social insurance systems (disability only).

Exchange rate: U.S.\$1.00 equals 3.80 ringgits (M\$).

Note: Provident fund: provisions and benefit amounts shown as of December 1998. Disability insurance: provisions and benefit amounts shown as of January 1995.

Coverage

Provident fund: Mandatory coverage for private sector employees, non-pensionable public sector employees and foreign workers. Voluntary coverage for domestic workers, self-employed, and pensionable public sector employees. Exclusions: Armed Forces who also belong to equivalent private plans.

Disability insurance: Employees earning less than M\$2,000 a month (or earning less than M\$2,000 a month when first covered), casual workers and domestics.

Voluntary coverage for those earning more than M\$2,000 upon agreement by employer and employee.

Special system for public employees.

Source of Funds

Insured person—provident fund: 11% of earnings according to wage classes. Self-employed contribute between M\$50 and M\$5,000. **Disability insurance,** approximately 0.5% of earnings according to wage classes.

Employer—provident fund: 12% of earnings according to wage classes. **Disability insurance,** approximately 0.5% of payroll according to wage class.

Government: None.

Qualifying Conditions

Old-age benefit—provident fund: Age 55; payable at any age if emigrating from country permanently.

Disability benefits—provident fund: Permanently incapacitated before age 55. **Disability pension,** 24 months of contribution in last 40 months, or in 2/3 of months since entry into insurance with minimum of 24 months; reduced pension if contributions in 1/3 of months, with minimum of 24.

Survivor benefits—provident fund: Nomination as beneficiary by insured. Insured's death occurs while in receipt of disability benefit or before age 55.

Death benefit: Insured was under age 60 at death.

Old-Age Benefits

Old-age benefit—provident fund: Lump sum equal to total employee and employer contributions plus compound interest. Employee may receive up to 30% of total contributions (plus compound interest) at age 50 without retirement. All savings can be withdrawn in monthly installments, or a part of the savings can be withdrawn in a lump sum and the balance periodically, at age 55. The dividend can be withdrawn annually, with the principle left with the fund at age 55.

The contributions made for each member are separated into 3 accounts, each with different requirements for withdrawal:

- 1 60% of the contributions are placed into an account which the member cannot access until age 55;
- 2 30% go into an account from which withdrawals may be made for the purchase or building of a house or house loan payment, the balance may be withdrawn at age 50; and
- 3 10% go into an account which may only be utilized for the treatment of critical illnesses approved by the Board.

Permanent Disability Benefits

Disability pension—disability insurance: 50% of earnings plus 1% of earnings for each 12 months of contribution over 24 months.

Maximum pension, 65% of earnings.

Minimum pension, M\$171.43 per month.

Reduced pension: 50% of earnings.

Maximum earnings for disability benefit purposes: M\$2,000 a month.

Constant attendance supplement: 40% of pension; maximum, M\$500 per month.

Disability benefit—provident fund: Lump sum equal to total employee contributions plus compound interest on being disabled mentally and physically.

Disability benefit—provident fund: Payable in addition to disability benefits. Lump sum equal to a percentage of total contribution, based on insured's age at incapacitation and number of years of contribution.

Survivor Benefits

Survivor pension—disability insurance: 60% of actual or potential disability pension of the deceased, payable to widow.

Orphans: 40% (60% if no widow) of actual or potential disability pension of the deceased, payable to each orphan under age 21 (up to first university degree level if in school).

Maximum survivor pension: 100% of actual or potential disability pension.

Survivor benefit—provident fund: Lump sum equal to total employee and employer contributions plus compound interest. Payable to nominated survivors or legal heirs.

Death benefit (payable in addition to survivor benefit): Lump sum equal to a percentage of total contributions, based on insured's age at death and number of years of contribution.

Funeral grant: M\$1,000 payable to widow, widower, elder surviving son, elder surviving daughter, and parents.

Administrative Organization

Ministry of Finance, general supervision.

Employees Provident Fund, administration of program; managed by tripartite governing Board.

Sickness and Maternity

First law: 1951.

Current law: 1991.

Type of program: Dual provident fund (lump-sum benefits and periodic payments).

Medical Benefits for Insured Workers

Medical benefits: A member can withdraw savings in Account III to pay for medical treatment of critical illness provided that their employer does not cover or partially cover such treatment. In addition, a member can also withdraw their savings to pay for the medical treatment of their spouse, children and parents.

Work Injury

First law: 1929.

Current law: 1969.

Type of program: Social insurance system.

Coverage

Employees earning less than M\$2,000 a month, or (earning less when first covered, or voluntary agreement by employer and employee), and casual workers. Foreign workers are covered under a special insurance scheme for workmen's compensation.

Special system for public employees.

Source of Funds

Insured person: 0.5% of earnings according to 24 wage classes.

Employer: 1.25% for employment injury and 0.5% for disability pension of payroll according to 24 wage classes.

Government: None.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: 80% of earnings. Minimum: M\$9 a day. Payable after 4-day waiting period. Paid retroactively for waiting period if disability lasts 4 days.

Permanent Disability Benefits

Permanent disability pension: 90% of earnings, if totally disabled. Minimum: M\$9 a day. Up to one-fifth of contributions may be taken as a lump-sum payment where disability is assessed to exceed 20%. Where disability is assessed at less than 20% lump sum is paid to injured.

Constant-attendance supplement: 40% of pension. Maximum, M\$500 per month.

Partial disability: Percent of full pension proportionate to degree of disability.

Workers' Medical Benefits

Medical benefits: Necessary medical treatment, hospitalization, medicines, artificial limbs and other prosthetic appliances, and physical and vocational rehabilitation. Care provided in government hospitals and by a panel of physicians on contract with Social Security Organization.

Survivor Benefits

Survivor pension: 60% of permanent disability pension of deceased payable to widow.

Orphans: 40% (60% if no widow) of permanent disability pension of deceased for each orphan under age 21 (up to first university degree level if in school); maximum, 100% of pension.

Other eligible survivors (in absence of above): Parents, brothers, sisters, and paternal grandparents.

Funeral grant: Up to M\$1,000 payable to eldest survivor of insured or whoever incurred the expense.

Administrative Organization

Ministry of Human Resources, general supervision.

Social Security Organization, administration of work-injury program; managed by tripartite governing board.